

# Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts

► See separate instructions.

OMB No. 1545-0159

**2005**

**Note:** All information must be in English. Show all amounts in U.S. dollars. File a **separate** Form 3520 for **each** foreign trust.

For calendar year 2005, or tax year beginning \_\_\_\_\_, 2005, ending \_\_\_\_\_, 20

**A** Check appropriate boxes: ☐ Initial return ☐ Final return ☐ Amended return

**B** Check box that applies to person filing return: ☐ Individual ☐ Partnership ☐ Corporation ☐ Trust ☐ Executor

**Check all applicable boxes:**

☐ **(a)** You are a U.S. transferor who, directly or indirectly, transferred money or other property during the current tax year to a foreign trust, or **(b)** You held an outstanding obligation of a related foreign trust (or a person related to the trust) issued during the current tax year, that you reported as a "qualified obligation" (defined in the instructions) during the current tax year. See the instructions for Part I.

☐ You are a U.S. owner of all or any portion of a foreign trust at any time during the tax year. See the instructions for Part II.

☐ **(a)** You are a U.S. person who, during the current tax year, received a distribution from a foreign trust, or **(b)** A related foreign trust held an outstanding obligation issued by you (or a person related to you) during the current tax year that you reported as a "qualified obligation" (defined in the instructions) during the current tax year. See the instructions for Part III.

☐ You are a U.S. person who, during the current tax year, received certain gifts or bequests from a foreign person. See the instructions for Part IV.

Service Center where U.S. person's income tax return is filed ►

**1a** Name of person(s) filing return (see instructions) **b** Identification number

**c** Number, street, and room or suite no. (if a P.O. box, see instructions) **d** Spouse's identification number

**e** City or town **f** State or province **g** ZIP or postal code **h** Country

**2a** Name of foreign trust (if applicable) **b** Employer identification number (if any)

**c** Number, street, and room or suite no. (if a P.O. box, see instructions)

**d** City or town **e** State or province **f** ZIP or postal code **g** Country

**3** Did the foreign trust appoint a U.S. agent (defined in the instructions) who can provide the IRS with all relevant trust information? . . . . . ☐ Yes ☐ No  
If "Yes," complete lines 3a through 3g.

**3a** Name of U.S. agent **b** Identification number (if any)

**c** Number, street, and room or suite no. (if a P.O. box, see instructions)

**d** City or town **e** State or province **f** ZIP or postal code **g** Country

**4a** Name of U.S. decedent (see instr.) **b** Address **c** TIN of decedent

**d** Date of death **e** EIN of estate

Under penalties of perjury, I declare that I have examined this return, including any accompanying reports, schedules, or statements, and to the best of my knowledge and belief, it is true, correct, and complete.

► Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

► Preparer's signature \_\_\_\_\_ Preparer's SSN or PTIN \_\_\_\_\_ Date \_\_\_\_\_

**Part I Transfers by U.S. Persons to a Foreign Trust During the Current Tax Year** (see instructions)

|  |  |   |   |                                  |
|--|--|---|---|----------------------------------|
| <b>5a</b> Name of trust creator (if different from line 1a)  | <b>b</b> Address   | <b>c</b> Identification number (if any) |   |                                  |
| <b>6a</b> Country code of country where trust was created  | <b>b</b> Country code of country whose law governs the trust | <b>c</b> Date trust was created         |   |                                  |
| <b>7a</b> Will any person (other than the U.S. transferor or the foreign trust) be treated as the owner of the transferred assets after the transfer? <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> |  |   |   |                                  |
| <b>b</b> Name of other foreign trust owners, if any  | <b>(ii)</b> Address  | <b>(iii)</b> Country of residence       | <b>(iv)</b> Identification number, if any | <b>(v)</b> Relevant code section |
|  |  |   |   |                                  |
|  |  |   |   |                                  |
|  |  |   |   |                                  |
| <b>8</b> Was the transfer a completed gift or bequest? If "Yes," see instructions . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>   |  |   |   |                                  |
| <b>9a</b> Now or in the future, can any part of the income or corpus of the trust benefit any U.S. beneficiary? . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>                                 |  |   |   |                                  |
| <b>b</b> If "No," could the trust be revised or amended to benefit a U.S. beneficiary? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>  |  |   |   |                                  |
| <b>10</b> Will you continue to be treated as the owner of the transferred asset(s) after the transfer? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>                                      |  |   |   |                                  |

**Schedule A—Obligations of a Related Trust** (see instructions)

|  |                             |                                   |                                  |
|--|-----------------------------|-----------------------------------|----------------------------------|
| <b>11a</b> During the current tax year, did you transfer property (including cash) to a related foreign trust in exchange for an obligation of the trust or an obligation of a person related to the trust? See instructions . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b><br>If "Yes," complete the rest of Schedule A, as applicable. If "No," go to Schedule B.  |                             |                                   |                                  |
| <b>b</b> Were any of the obligations you received (with respect to a transfer described in 11a above) qualified obligations? <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b><br>If "Yes," complete the rest of Schedule A with respect to each qualified obligation.<br>If "No," go to Schedule B and, when completing columns (a) through (i) of line 13 with respect to each nonqualified obligation, enter "-0-" in column (h).  |                             |                                   |                                  |
| <b>(i)</b><br>Date of transfer giving rise to obligation   | <b>(ii)</b><br>Maximum term | <b>(iii)</b><br>Yield to maturity | <b>(iv)</b><br>FMV of obligation |
|  |                             |                                   |                                  |
|  |                             |                                   |                                  |
|  |                             |                                   |                                  |
| <b>12</b> With respect to each qualified obligation you reported on line 11b: Do you agree to extend the period of assessment of any income or transfer tax attributable to the transfer, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b><br><b>Note:</b> Generally, you must answer "Yes," if you checked "Yes" to the question on line 11b. |                             |                                   |                                  |

**Schedule B—Gratuitous Transfers** (see instructions)

|  |   |   |   |   |   |  |  |  |
|--|---|---|---|---|---|--|--|--|
| <b>13</b> During the current tax year, did you make any transfers (directly or indirectly) to the trust and receive less than FMV, or no consideration at all, for the property transferred? . . . . . <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b><br>If "Yes," complete columns (a) through (i) below and the rest of Schedule B, as applicable.<br>If "No," go to Schedule C. |   |   |   |   |   |  |  |  |
| <b>(a)</b><br>Date of transfer   | <b>(b)</b><br>Description of property transferred | <b>(c)</b><br>FMV of property transferred | <b>(d)</b><br>U.S. adjusted basis of property transferred | <b>(e)</b><br>Gain recognized at time of transfer | <b>(f)</b><br>Excess, if any, of column (c) over the sum of columns (d) and (e) | <b>(g)</b><br>Description of property received, if any | <b>(h)</b><br>FMV of property received | <b>(i)</b><br>Excess of column (c) over column (h) |
|  |   |   |   |   |   |  |  |  |
|  |   |   |   |   |   |  |  |  |
|  |   |   |   |   |   |  |  |  |
| <b>Totals</b> ▶  |   |   |   |   | \$  |  |  | \$   |

**14** You are required to attach a copy of each sale or loan document entered into in connection with a transfer reported on line 13. If these documents have been attached to a Form 3520 filed within the previous 3 years, attach only relevant updates.

| Are you attaching a copy of:  | Yes                      | No                       | Attached Previously      | Year Attached |
|---|--------------------------|--------------------------|--------------------------|---------------|
| <b>a</b> Sale document? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |
| <b>b</b> Loan document? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |
| <b>c</b> Subsequent variances to original sale or loan documents? . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |

**Part I Schedule B—Gratuitous Transfers (Continued)****Note:** Complete lines 15 through 18 only if you answered "No" to line 3.

| 15 | (a)<br>Name of beneficiary | (b)<br>Address of beneficiary | (c)<br>U.S. beneficiary? |    | (d)<br>Identification number, if any |
|----|----------------------------|-------------------------------|--------------------------|----|--------------------------------------|
|    |                            |                               | Yes                      | No |                                      |
|    |                            |                               |                          |    |                                      |
|    |                            |                               |                          |    |                                      |
|    |                            |                               |                          |    |                                      |
|    |                            |                               |                          |    |                                      |

  

| 16 | (a)<br>Name of trustee | (b)<br>Address of trustee | (c)<br>Identification number, if any |
|----|------------------------|---------------------------|--------------------------------------|
|    |                        |                           |                                      |
|    |                        |                           |                                      |
|    |                        |                           |                                      |
|    |                        |                           |                                      |

  

| 17 | (a)<br>Name of other persons with trust powers | (b)<br>Address of other persons with trust powers | (c)<br>Description of powers | (d)<br>Identification number, if any |
|----|--|---|------------------------------|--------------------------------------|
|    |  |   |                              |                                      |
|    |  |   |                              |                                      |
|    |  |   |                              |                                      |
|    |  |   |                              |                                      |

- 18** If you checked "No" on line 3 (or did not complete lines 3a through 3g) you are required to attach a copy of all trust documents as indicated below. If these documents have been attached to a Form 3520-A filed within the previous 3 years, attach only relevant updates.

Are you attaching a copy of:

|   | Yes                      | No                       | Attached Previously      | Year Attached |
|---|--------------------------|--------------------------|--------------------------|---------------|
| <b>a</b> Summary of all written and oral agreements and understandings relating to the trust? . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |
| <b>b</b> The trust instrument? . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |
| <b>c</b> Memoranda or letters of wishes? . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |
| <b>d</b> Subsequent variances to original trust documents? . . . . .                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |
| <b>e</b> Trust financial statements? . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |
| <b>f</b> Other trust documents? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____         |

**Schedule C—Qualified Obligations Outstanding in the Current Tax Year (see instructions)**

- 19** Did you, at any time during the tax year, hold an outstanding obligation of a related foreign trust (or a person related to the trust) that you reported as a "qualified obligation" in the current tax year? . . . . . ☐ **Yes** ☐ **No**
- If "Yes," complete columns (a) through (e) below.

| (a)<br>Date of original obligation | (b)<br>Tax year qualified obligation first reported | (c)<br>Amount of principal payments made during the tax year | (d)<br>Amount of interest payments made during the tax year | (e)<br>Does the obligation still meet the criteria for a qualified obligation? |    |
|------------------------------------|---|--|---|--|----|
|                                    |   |  |   | Yes  | No |
|                                    |   |  |   |  |    |
|                                    |   |  |   |  |    |
|                                    |   |  |   |  |    |

**Part II U.S. Owner of a Foreign Trust** (see instructions)

| (a)<br>20 | (b)<br>Name of other foreign trust owners, if any | (b)<br>Address | (c)<br>Country of residence | (d)<br>Identification number, if any | (e)<br>Relevant code section |
|-----------|---|----------------|-----------------------------|--------------------------------------|------------------------------|
|           |   |                |                             |                                      |                              |
|           |   |                |                             |                                      |                              |
|           |   |                |                             |                                      |                              |

| (a)<br>21   | (b)   | (c)                            |
|---|---|--------------------------------|
| Country code of country where foreign trust was created | Country code of country whose law governs the foreign trust | Date foreign trust was created |
|   |   |                                |

- 22** Did the foreign trust file Form 3520-A for the current year? . . . . . ☐ **Yes** ☐ **No**  
 If "Yes," attach the Foreign Grantor Trust Owner Statement you received from the foreign trust.  
 If "No," to the best of your ability, complete and attach a substitute Form 3520-A for the foreign trust.  
 See instructions for information on penalties.

**23** Enter the gross value of the portion of the foreign trust that you are treated as owning . . . . . ► \$

**Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year** (see instructions)

**24** Cash amounts or FMV of property received, directly or indirectly, during the current tax year, from the foreign trust (exclude loans included on line 25).

| (a)<br>Date of distribution | (b)<br>Description of property received | (c)<br>FMV of property received (determined on date of distribution) | (d)<br>Description of property transferred, if any | (e)<br>FMV of property transferred | (f)<br>Excess of column (c) over column (e) |
|-----------------------------|---|--|--|------------------------------------|---|
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |
|                             |   |  |  |                                    |   |

**Totals.** . . . . . ► \$

- 25** During the current tax year, did you (or a person related to you) receive a loan from a related foreign trust (including an extension of credit upon the purchase of property from the trust)? . . . . . ☐ **Yes** ☐ **No**  
 If "Yes," complete columns (a) through (g) below for each such loan.

**Note:** The FMV of an obligation (column (f)) is -0- unless it is a "qualified obligation."

| (a)<br>FMV of loan proceeds | (b)<br>Date of original loan transaction | (c)<br>Maximum term of repayment of obligation | (d)<br>Interest rate of obligation | (e)<br>Is the obligation a "qualified obligation?" |    | (f)<br>FMV of obligation | (g)<br>Amount treated as distribution from the trust (subtract column (f) from column (a)) |
|-----------------------------|--|--|------------------------------------|--|----|--------------------------|--|
|                             |  |  |                                    | Yes  | No |                          |  |
|                             |  |  |                                    |  |    |                          |  |
|                             |  |  |                                    |  |    |                          |  |
|                             |  |  |                                    |  |    |                          |  |

**Total** . . . . . ► \$

- 26** With respect to each obligation you reported as a "qualified obligation" on line 25: Do you agree to extend the period of assessment of any income or transfer tax attributable to the transaction, and any consequential income tax changes for each year that the obligation is outstanding, to a date 3 years after the maturity date of the obligation? . . . . . ☐ **Yes** ☐ **No**

**Note:** Generally, you must answer "Yes" if you checked "Yes" in column (e) of line 25.

**27** Total distributions received during the current tax year. Add line 24, column (f), and line 25, column (g). . . . . ► \$

- 28** Did the trust, at any time during the tax year, hold an outstanding obligation of yours (or a person related to you) that you reported as a "qualified obligation" in the current tax year? . . . . . ☐ **Yes** ☐ **No**  
 If "Yes," complete columns (a) through (e) below for each obligation.

| (a)<br>Date of original loan transaction | (b)<br>Tax year qualified obligation first reported | (c)<br>Amount of principal payments made during the tax year | (d)<br>Amount of interest payments made during the tax year | (e)<br>Does the loan still meet the criteria of a qualified obligation? |    |
|--|---|--|---|---|----|
|  |   |  |   | Yes   | No |
|  |   |  |   |   |    |
|  |   |  |   |   |    |
|  |   |  |   |   |    |
|  |   |  |   |   |    |

**Part III Distributions to a U.S. Person From a Foreign Trust During the Current Tax Year** (Continued)

- 29** Did you receive a Foreign Grantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? ☐ **Yes** ☐ **No**  
 If "Yes," attach the statement and do not complete the remainder of Part III with respect to that distribution.  
 If "No," complete Schedule A with respect to that distribution. Also complete Schedule C if you enter an amount greater than zero on line 37.
- 30** Did you receive a Foreign Nongrantor Trust Beneficiary Statement from the foreign trust with respect to a distribution? ☐ **Yes** ☐ **No**  
 If "Yes," attach the statement and complete either Schedule A or Schedule B below (see instructions). Also complete Schedule C if you enter an amount greater than zero on line 37 or line 41.  
 If "No," complete Schedule A with respect to that distribution. Also complete Schedule C if you enter an amount greater than zero on line 37.

**Schedule A—Default Calculation of Trust Distributions** (see instructions)

- 31** Enter amount from line 27 . . . . .
- 32** Number of years the trust has been a foreign trust (see instructions). ► \_\_\_\_\_
- 33** Enter total distributions received from the foreign trust during the 3 preceding tax years (or during the number of years the trust has been a foreign trust, if fewer than 3) . . . . .
- 34** Multiply line 33 by 1.25. . . . .
- 35** Average distribution. Divide line 34 by 3 (or the number of years the trust has been a foreign trust, if fewer than 3) and enter the result . . . . .
- 36** Amount treated as ordinary income earned in the current year. Enter the smaller of line 31 or line 35 . . . . .
- 37** Amount treated as accumulation distribution. Subtract line 36 from line 31. If -0-, do not complete the rest of Part III
- 38** Applicable number of years of trust. Divide line 32 by 2 and enter the result here ► \_\_\_\_\_

**Schedule B—Actual Calculation of Trust Distributions** (see instructions)

- 39** Enter amount from line 27 . . . . .
- 40** Amount treated as ordinary income in the current tax year . . . . .
- 41** Amount treated as accumulation distribution. If -0-, do not complete Schedule C, Part III . . . . .
- 42** Amount treated as capital gains in the current tax year . . . . .
- 43** Amount treated as distribution from trust corpus . . . . .
- 44** Enter any other distributed amount received from the foreign trust not included on lines 40, 41, 42, and 43 (attach explanation)
- 45** Amount of foreign trust's aggregate undistributed net income . . . . .
- 46** Amount of foreign trust's weighted undistributed net income . . . . .
- 47** Applicable number of years of trust. Divide line 46 by line 45 and enter the result here ► \_\_\_\_\_

**Schedule C—Calculation of Interest Charge** (see instructions)

- 48** Enter accumulation distribution from line 37 or 41, as applicable . . . . .
- 49** Enter tax on total accumulation distribution from line 28 of Form 4970 . . . . .
- 50** Enter applicable number of years of foreign trust from line 38 or 47, as applicable (round to nearest half-year). ► \_\_\_\_\_
- 51** Combined interest rate imposed on the total accumulation distribution (see instructions) . . . . .
- 52** Interest charge. Multiply the amount on line 49 by the combined interest rate on line 51 . . . . .
- 53** Tax attributable to accumulation distributions. Add lines 49 and 52. Enter here and as "additional tax" on your income tax return . . . . .

**Part IV U.S. Recipients of Gifts or Bequests Received During the Current Tax Year From Foreign Persons**  
 (see instructions)

- 54** During the current tax year, did you receive more than \$100,000 during the tax year that you treated as gifts or bequests from a nonresident alien or a foreign estate? See instructions regarding related donors . . . . . ☐ **Yes** ☐ **No**
- If "Yes," complete columns (a) through (c) with respect to each such gift or bequest in excess of \$5,000. If more space is needed, attach schedule.

| (a)<br>Date of gift<br>or bequest | (b)<br>Description of property received | (c)<br>FMV of property received |
|-----------------------------------|---|---------------------------------|
|                                   |   |                                 |
|                                   |   |                                 |
|                                   |   |                                 |
| <b>Total</b> . . . . . ►          |   | \$                              |

- 55** During the current tax year, did you receive more than \$12,375 that you treated as gifts from a foreign corporation or a foreign partnership? See instructions regarding related donors . . . . . ☐ **Yes** ☐ **No**
- If "Yes," complete columns (a) through (g) with respect to each such gift. If more space is needed, attach schedule.

| (a)<br>Date of gift | (b)<br>Name of donor | (c)<br>Address of donor | (d)<br>Identification number,<br>if any |
|---------------------|----------------------|-------------------------|---|
|                     |                      |                         |   |
|                     |                      |                         |   |
|                     |                      |                         |   |
|                     |                      |                         |   |

| (e)<br>Check the box that applies to the foreign donor |             | (f)<br>Description of property received | (g)<br>FMV of property received |
|--|-------------|---|---------------------------------|
| Corporation  | Partnership |   |                                 |
|  |             |   |                                 |
|  |             |   |                                 |
|  |             |   |                                 |

- 56** Do you have any reason to believe that the foreign donor, in making any gift or bequest described in lines 54 and 55, was acting as a nominee or intermediary for any other person? If "Yes," see instructions. . . . . ☐ **Yes** ☐ **No**